

Opening Statement
Chairman Michael G. Oxley
Committee on Financial Services
Subcommittee on Capital Markets, Insurance and Government Sponsored
Enterprises
June 7, 2001

“Promotion of International Capital Flow through Accounting Standards”

Today, our Committee begins its consideration of significant issues in public accounting and investor disclosure.

I want to congratulate Chairman Baker for taking the initiative in holding this hearing. I also want to welcome the distinguished former Chairman of the Federal Reserve Board, Paul Volcker, who, once again, is playing a leading role in international finance.

I appreciate the work of the AICPA and the Financial Executives Institute and the willingness of their representatives, from KPMG Peat Marwick and General Electric, to testify today.

We live at a time of growing interdependence in world financial markets. However, financial reports on publicly traded companies, upon which investors and regulators depend, are based on accounting practices that can vary widely by country. These differences result in a lack of comparability and reliability in financial disclosure.

Harmonizing accounting standards will benefit preparers and users of financial statements, promote international trade and investment, and reduce costs for multinational companies. Investors will be better able to make informed investment decisions.

With integrated financial markets, economic crises are not deterred by national borders. By streamlining international accounting standards, we're improving our chances of detecting and preventing financial problems before they reach global proportions.

Businesses, regulators, and the markets must be able to compare apples with apples, when it comes to financial reporting.

I look forward to hearing about the work that the International Accounting Standards Board and others are doing to harmonize global rules and the benefits for investors and the capital markets. I encourage you in further efforts to set a new benchmark for the highest quality financial reporting.